

ORIGINAL

NEW APPLICATION



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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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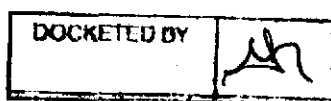
**SUSAN BITTER SMITH**

**Commissioner**

Arizona Corporation Commission

**DOCKETED**

JUL 14 2014



IN THE MATTER OF THE APPLICATION )  
OF RE-INVENT TELECOM, LLC. FOR ) DOCKET NO. T-20756A-14-0266  
RECISSION OF THE BOND )  
REQUIREMENT CONTAINED IN )  
ARIZONA CORPORATION COMMISSION )  
DECISION NO. 72673. )

**APPLICATION**

Re-Invent Telecom, LLC ("Re-Invent") requests rescission of the bond requirement contained in Arizona Corporation Commission ("Commission") Decision No. 72673.

**BACKGROUND**

Re-Invent is authorized to provide resold long distance, facilities-based long distance, resold local exchange, facilities-based local exchange, and private line telecommunications services in Arizona. Re-Invent was certified to provide telecommunications services in Arizona on November 17, 2011 *See* Decision 72673. Re-Invent currently delivers local, long distance and internet services to business customers in Arizona.

When Re-Invent was certified by the Commission in 2011, the Commission bond policy, and hence the certification order, required Re-Invent to procure and provide to the Commission a performance bond in the amount of \$235,0000 to cover all advances, deposits or prepayments. Re-Invent secured that bond, submitted it to the Commission initially and renewed it each year.

Re-Invent's compliance with Commission regulations and orders has never been at issue, the bond has never been invoked, and no customer complaint has brought into question Re-Invent's reliability or conduct as a public service corporation. Re-Invent's certification occurred in a year where it was the general policy of the Commission to require a bond without a specific inquiry into the track record of the company. Re-Invent has shown itself to be a reliable and responsive public service corporation. The bond is not needed to ensure Re-Invent's compliance with Commission orders. Re-Invent respectfully asks that the Commission issue an order relieving Re-Invent of its bond obligation.

### ANALYSIS

"In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust." A.A.C. R14-2-1105(D). Re-Invent is subject to the Arizona Competitive Telecommunications Services Rules, A.A.C. R14-2-1101-1115, and must comply with all rules applicable to the provision of intrastate telecommunications services under the terms of its certifications. Decision No. 72673 p. 3, para. 7(a). While the Commission may require a performance bond prior to certification, for the reasons set forth below continuing this requirement for Re-Invent, an established competitive telecommunications company, is unnecessary and costly.

## **1. Excellent Compliance**

Re-Invent has been a certified carrier in Arizona since 2011. Through-out this period Re-Invent has complied with the requirements of its certification, including filing annual reports, paying annual assessments for funding the ACC, RUCO (A.R.S. §40-401; §40-401.01) and Arizona universal service. Any complaint against Re-Invent has been resolved and closed with no formal litigation and without penalty to Re-Invent. Re-Invent has a substantial physical presence in the State and is available to respond in a timely and responsive manner to any questions or concerns regarding customer service. Today, Re-Invent does not hold any customer deposits for telecommunications services.

The bond Re-Invent has on file with the Commission have never been drawn upon or requested. Obtaining and maintaining this bond creates a significant expense for Re-Invent and will continue to do so. Moreover, purchasing the bond diverts monies that Re-Invent could use to grow its network or improve its systems.

## **2. The Bond Requirement Is Not Necessary or Reasonable.**

The Commission “*may* require . . . the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers.” A.A.C. R14-2-1105(D) (emphasis added). This rule was invoked by the Commission, as early as 2000, to protect consumers in the event a telecommunications carrier declared bankruptcy or abandoned service. *See, e.g.,* Decision No. 62751 (2000) (*Eschelon Telecom of Arizona CC&N Application*). At that time, many providers were new to Arizona and few carriers had invested in equipment and facilities. The new competitive local exchange carriers (“CLECs”) did not have demonstrable operating histories, nor could they offer track records of customer satisfaction. During this period, a bond requirement was the vehicle selected

by Commission Staff to protect consumers in the event a provider could not meet its legal obligations. Bonds were one way for the Commission to protect consumers from companies with little or no assets or few ties to Arizona.

Now, fourteen years later, the market is very different. Indeed, customer deposits and advances are no more at risk with an established, facilities-based CLEC like Re-Invent than they are with Qwest Corporation or Cox, which operate in competition with facilities-based CLECs but carry no performance bonds benefiting the Commission.

Re-Invent has established through its investment in the state, and by its operating history, that customer deposits are not at risk. Therefore, a bond is not necessary or reasonable given Re-Invent's history.

### **3. The Commission is Moving Towards Requiring Bond Only If Necessary**

The Commission has issued orders in a number of proceedings eliminating bond requirements for competitive carrier requirements. *See e.g.* Broadvox-CLEC (Decision No. 74410), Gila Local Exchange Carrier, Inc. (Docket No. T-03943A-14-0013), tw telecom of arizona llc, and XO Communications Services, LLC (Docket No. T-04302A-14-0115). Likewise, the Commission has recently approved a carrier certification request without requiring a bond of the applicant. *See* TNCI Operating Company, LLC T-20882A-13-0108. In recommending approval of the TNCI certification application, Staff recommended no bond reflecting an appropriate reaction to changes in the competitive telecom market. Staff has recommended a "case by case" analysis for assessing the need for a bond. This makes sense. The Commission retains full authority to impose a bond if Staff is concerned about a company's managerial or technical ability to provide service in Arizona. Companies like Re-Invent, however, that have been providing service for years, show no history of unresolved customer

complaints or problems, and have demonstrated their technical and managerial expertise to provide service, should not be required to post a bond.

#### **4. Bond Documents**

If this application is approved, Re-Invent requests that the bond be returned to the following Re-Invent representative:

Mr. Steven Obee  
101090 E. McKellips Rd.  
Scottsdale, AZ 85256  
Phone: 480-362-7149  
Fax: 480-362-7142  
[sobee@saddlebackcomm.com](mailto:sobee@saddlebackcomm.com)

#### **CONCLUSION**

For the foregoing reasons, Re-Invent respectfully requests an order cancelling the bond requirement in Decision No 72673.

RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of July 2014.

By:



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Attorney for Re-Invent Telecom, LLC

**ORIGINAL** and thirteen (13) copies of the foregoing  
filed this 14<sup>th</sup> day of July 2014 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

